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Meeting on the Establishment of a Ministerial Conference of East and Southern African States on Maritime Transport

Addis Ababa, 17 - 21 September 1987

Feasibility Study on the Establishment of a Ministerial Conference of East and Southern African States on Maritime Transport

INTRODUCTION

I. The third Conference of African Ministers of Transport, Communications and Planning, held in Cairo, Egypt from 8 to 11 March 1983, strongly recommended, through resolution ECA/UNTACDA/Res.83/37, that a ministerial conference of East and Southern African countries and the Indian Ocean Islands be established for maritime transport. This decision was prompted by the poor performance of the maritime transport system in that subregion and the prominent role that subregional co-operation could play in removing the obstacles to the smooth development of this subsector. The ministerial conference which would initially require ECA technical assistance for its establishment would have the task of organizing co-ordination of the various components of subregional co-operation in the subsector of maritime transport, particularly in areas such as:

- promoting financing for maritime transport activities;
- development of merchant fleets through the establishment of various types of pool;
- effective development of sea ports: co-ordination of dredging operations and investments, harmonization of information on port efficiency and development, harmonization of tariff structures, standardization of port equipment in the subregion, harmonization of port regulations and so forth;
- effective development of maritime training;
- effective protection of shippers' interests, particularly as regards the control of freight rates;
- development of a modern maritime legislation.

II. Poor performance of the maritime transport system in East and Southern Africa and Indian Ocean countries: Extent and causes

In this section, we will examine the following points:

- the problems impeding the smooth development of a merchant fleet in East and Southern Africa and the Indian Ocean countries;
- the low productivity of ports in the subregion;
- the absence of a maritime academy in the subregion for advanced level training;
- inadequate protection of shippers' interests;
- inadequate development of maritime legislation.

Another point that will be considered under this section is the identification of subregional solutions capable of eliminating the deficiencies that have been described.

A. Characteristics and causes of the main barriers to the efficient operation of the maritime transport system in the subregion

1. Merchant Fleet Development

The third United Nations Social and Economic Development Decade (1981-1990) fixes at 20 per cent the share of the Third World (i.e. DWT x 1000 x 132950 in 1985) of in the overall deadweight tonnage as a means of promoting development of its merchant fleet. In 1979, the year for which we have reliable data for the subregion, maritime trade for the subregion (26.6 million tons) amounted to 1.08 per cent of the alloted share for all developing countries (245.14 million tons). If it is agreed that merchant fleet capacity and maritime trade are

directly and closely linked, it is easy to work out the share of the east and southern African countries in the 132,960,000 DWT target (20 per cent of the world tonnage in 1985) to be attained by the Third World by the end of the Third Development Decade. It comes to approximately 1,435,968. This is well above the 366,693 DWT which is the cargo capacity of the present fleet. Moreover, it is highly improbable that the target fixed for the subregion will be achieved by 1990. In fact, the total merchant fleet for East and Southern Africa and the Indian Ocean countries fell from 404,870 DWT in 1979 to 366,693 DWT in 1985.

The poor performance in merchant fleet development in the subregion may be attributed to the inadequacy of the policy objectives, strategies and tactics adopted in the area of maritime transport. In fact, these are characterized by:

- the incapacity to apply the United Nations Convention on a Code of Conduct for Liner Conferences;
- the fact that practically no efforts are being made in the subregion to rid bulk cargo of mining operation contracts or to rationalize bulk shipping by setting up subregional and regional shipping centres;
- the little effort made in the subregion to review the terms and conditions (FOB and CIF) of import and export contracts and to gradually adapt them to merchant fleet development objectives of the countries in East and Southern Africa and the Indian Ocean;
- the absence of a national and subregional policy urging financing institutions to promote shipping activities in general and the purchase of merchant ships in particular;
- the lack of co-ordination of maritime training policies at the subregional level, particularly as regards advanced training.

(a) The need for judicious implementation of the United Nations Convention on a Code of Conduct for Liner Conferences

The ultimate aim of this Convention is mainly to ensure competition in liner shipping on an ethical basis that will allow developing maritime countries, especially those in East and Southern Africa and the Indian Ocean to organize the orderly, harmonious, and adequate development of their fleets (i.e. in a sector which represents 80 per cent of the value of world maritime trade).

A very important clause of this Code provides that traffic rights for third-country shipping lines shall be adequate and limited to 20 per cent of the liner trade controlled by the liner conferences as against 40 per cent for each of the two groups of national shipping lines from the countries between which the trade is carried.

The effective control of such traffic rights implies that the African countries of the subregion concerned (whether coastal or not) must be contracting parties to the Code and must take appropriate steps to ensure its application, such as the adoption of national measures for cargo sharing, the establishment and operation of an efficient freight booking service, etc.

It should be noted, however, that out of the twenty-one countries that make up the subregion of East and Southern Africa and the Indian Ocean, fourteen[1/] have not yet acceded to the Code. This deprives them of an invaluable means of effectively promoting their liner fleets. Moreover, the seven countries that have signed the Convention have neither the national legislation to enforce it nor a sufficiently effective system of booking and control of liner traffic.

Another major obstacle to effective control of traffic rights is the increasing competition from outsiders operating world services. A good way to counter this would be for the shipping lines in the subregion to organize themselves by adopting one of the following alternatives:

- establish similar services, through appropriate subregional co-operative arrangements to the extent that their financial resources permit;
- base liner fleet development in the subregion on subregional transshipment demand; this too, would call for subregional cooperation as far as both shipping lines and ports are concerned.

Releasing bulk cargo gradually from mining operation contracts with transnational corporations

Nearly all mining operation contracts entered into between African governments in the subregion and foreign mining companies (oil, iron, phosphate, zinc, copper, etc.) give these transnationals land and sea transport rights in addition to production and distribution so that there is no sea freight available to help promote the development of a national bulk cargo merchant fleet. So far, governments in the subregion have shown very little interest in this area in view of the very stiff competition in the subsector.

It goes without saying that to benefit from this potential market, government authorities would have to take the requisite measures to:

- release bulk cargo;
- encourage national, private or public initiatives to take an interest in the market through appropriate action.

(c) Adoption of formulas for quotations of imports and exports that allow the African countries concerned free choice of carrier for their trade

The best way for any country to control its freight is to transact its import and export trade in CIF and FOB respectively and thereby have the possibility of designating the carrier of its choice.

The Statistical Yearbook on International Trade (1982 edition) shows that apart from Zambia and Zimbabwe which transact their foreign trade on an FOB basis, the other countries of the subregion under review quote their imports in CIF and exports in FOB. Zambia and Zimbabwe should try to transact their export trade in CIF while the others should apply FOB

1/ Uganda, Somalia, Mozambique, Malawi, Djibouti, Comoros, Angola, Zambia, Lesotho, Zimbabwe, Burundi, Rwanda, Botswana and Swaziland.

and CIF conditions for their imports and exports respectively. In this way, they will be able to enjoy full freedom of choice of carrier.

(d) The Establishment of subregional and regional ship-broking centres for the subregion

Rationalization of bulk cargo shipping under the conditions dealt with in preceding paragraphs (b) and (c) depends on the establishment and efficient running of one or more subregional, regional and interregional ship-broking centres in and outside Africa. The aim is to ensure the harmonious and effective development of the subregion's bulk cargo merchant fleet. This can be achieved through the pooling of available cargo capacities to ensure that they are utilized on a continuous and profitable basis, and through the centralization of subregional and regional demands in this sector.

Since such centres are lacking in Africa, particularly in the subregion, modalities for establishing them will have to be studied.

(e) The Need for a national and subregional policy to promote low-cost financing for the purchase of merchant ships

One of the obstacles to merchant fleet development in East and Southern Africa is the unsuitable and relatively prohibitive financing plans proposed by ship financing sources which are for the most part in developed countries. Those that are usually approached by the countries in the subregion are:

(i) Suppliers of export credit for the purchase of ships: This credit is guaranteed by the State that wishes to promote the building of a particular type of ship in order to protect employment at its shipyard. The objective is political and gives preference to the biggest importers of that particular type of ship. Apart from the fact that African demand in this sector is very limited compared to other world regions, there is the possibility that it might not be for the category of vessels whose manufacture is being promoted. This system of credit offers the lowest interest rates on commercial terms: approximately 8 per cent. It should be noted however that repayments are tied to fluctuations in the currency of the landing country unless there is an agreement to denominate the loan in dollars which implies the payment of an additional premium; this might raise the interest rate which, in principle, is fixed. Furthermore suppliers' credit cannot be used for secondhand vessels. In addition, this type of credit is for a relatively short period (8 to 9 years maximum) and only finances 80 per cent of the cost of the vessel which means that the down payment to be made by the buyer is quite substantial i.e. about 20 per cent of the ship's value.

(ii) International commercial banks

International commercial bank loans which are often in Eurodollars, are rather expensive because of the Libor high interest rates (9.9 to 16.7 per cent) to which the commercial bank adds its own profit margin. Moreover, extensive loan guarantees are required that include mortgage of the vessel and a guarantee from the government of the borrower's country (organizing these guarantees means updating that country's maritime legislation). The loans are granted in a currency with a fluctuating rate of exchange and since interest rates are also variable, the borrower finds it difficult to estimate its cash flow and thus has little control over it.

(iii) Observations

To conclude this point on the most common types of credit available for financing ship acquisition in the subregion under review, it should be pointed out that these are hard loans which allow the African shiping lines that resort to them, little flexibility.

More flexible channels that are more responsive to African conditions would be worth looking into especially if the basic national and international measures are taken beforehand by the African countries concerned. These channels are mainly:

- the national, subregional and regional development banks;
- leasing (bareboat charter);
- joint ventures.

(iv) National, subregional and regional development banks which usually grant favourable terms for development aid (interest rate of 1 to 2 per cent and a grace period of 30 to 50 years.....), unfortunately do not give the desired priority to maritime transport particularly merchant fleet development in the subregion. For instance, the African Development Bank has never financed the purchase of merchant ships directly. Moreover, no national bank in the subregion has made any tangible efforts to support maritime activities (especially the procurement of merchant ships) by granting favourable conditions.

Governments should therefore give the necessary priority to this subsector and consequently instruct the national, subregional and regional development banks to give it due consideration in their programmes and grant it the requisite priority treatment.

(v) Bareboat charter (leasing) is also an alternative whose flexibility (it is applicable to new or secondhand vessels, no down payments required, hire purchase facilities, long payment periods, taxes on the lease not chargeable to the leaseholder etc.) should attract those African countries in the subregion that are interested in shipping activities. They should, however, take the necessary national measures and negotiate all bilateral agreements concerning ship registration in such a way that the vessel under bareboat charter is registered under the flag of the charterer without prejudice to the shipowner's rights.

(vi) Joint ventures established for instance by operators of developing and developed countries also constitute a source of financing for merchant ship acquisition and should be utilized judiciously by the countries in the subregion. For this system to be sufficiently beneficial, the African countries concerned must make sure that this form of co-operation brings them, directly or indirectly, the financial resources they need and/or the appropriate technology.

(f) The need to develop advanced maritime training at minimum cost

One of the dynamic factors of the merchant fleet, even under trade-sharing conditions, is its competitiveness which depends in particular on the quality of the manpower used. The cost of training in the subregion is fairly reasonable for the middle and lower levels. This is because the appropriate policies have been adopted such as the establishment of training institutes based on national demand.

Advanced training poses a problem for countries in the subregion. In order to put a stop to isolated initiatives (because of insufficient national demand) and the sending of students abroad, these countries will have to concentrate their efforts at the subregional level on the establishment of proper training institutions in order to reduce the shortage and high cost of training of this category of manpower. The naval academies of Abidjan and Accra are experiments that must be pursued and even extended to East and Southern Africa.

2. Main problems observed in port management in the subregion

The subregion of East and Southern Africa and the Indian Ocean countries has about twenty sea ports including 10 autonomous ports. The ports have 176 berths with a draught of between 3m. and 15m. Thirty-eight of these berths are specialized: there are 20 oil berths, 7 mineral berths, 9 container berths and two ro-ro berths.

These ports have a wide range of equipment with lifting capacity ranging from 1 to 150 tons. There are aproximately 200 storage areas (open storage areas, warehouses, tanks, etc.) covering a total surface area of 2,994, 940 m^2.

Some of the ports are diversifying their installations to respond to traffic development demands in terms of both quantity and quality: thus container and ro-ro berths have been added to the panoply of existing berths. It should be noted that planning of port development is effected mainly along national lines because of the lack of reliable data for the subregion (namely, forecasts of port traffic structure for the main geographical zones, subregional port development plan). As a result, rational use has not been made of national development efforts at the subregional level, thus creating ruinous competition among the ports many of which are in the red because of an onerous loan repayment burden. Another factor affecting national port performance is the low priority given to port maintenance activities. Wherever they are accorded priority, they are often conducted independently at the national level and are therefore costly, instead of in a pool with other port maintenance operations planned in the same subregion. Moreover, port development in the subregion is not often supported by an appropriate development programme for the through-transport chain: this frequently leads to artificial port congestion and, consequently, port extension programmes that are unjustified.

Another indicator of the inefficiency of the sea ports in the subregion is their low output. In this respect, the average output per hour per shift and per hatchway is:

- 10T for general cargo;
- 10 - 18T for bag cargo.

We should point out here that 15T-25T and 30T and above are considered acceptable performances for the two types of cargo.

The average performance per day per ship is 500 to 1000T for bulk cargo handled in East and Southern Africa as against a maximum average of 8000T at high-efficiency ports.

Needless to say, the lack of political will for genuine subregional co-operation is the root cause of the inadequacies in the coordination of national port development options. We should stress the fact that hardly any effort is being made to stimulate the interest

of policy-makers in this area of activity since reliable subregional statistical data are not made available to them. In other words, the national port planning and management experts are partly to be blamed.

The standardization of port performance indicators in the subregion of East and Southern Africa and the Indian Ocean countries would not only help to stimulate interest but would also ensure the availability of reliable comparative data.

3. Protection of shippers' interests

Shippers (importers and exporters) have specific interests to protect. This cannot be done very efficiently unless they are regrouped at the subregional level and at both ends of the sea route involved.

As clients of sea transport operators, shippers would obviously want to use a shipping service that is cheap, adapted to their needs, regular, quick and as flexible as possible.

In order to protect those interests, shippers form associations such as national and subregional shippers' councils to counter-balance the strong influence of liner conferences whose abusive practices have often led to protests and complaints from the shippers. This form of protection is all the more effective because the national shippers' councils coordinate their activities at subregional level through the subregional shippers' council, an organ entrusted inter alia, with the preparation of technical documents to facilitate co-ordination.

Some progress has been made in the establishment of shippers' councils: there is one (the ISCOS) at multinational level (Kenya, Tanzania, Uganda and Zambia) and national shippers' councils in Ethiopia, Somalia, Mozambique, Madagascar, Mauritius and possibly Seychelles. However, the geographical scope of the ISCOS (Intergovernmental Standing Committee on Shipping) should be widened and its operational capacity strengthened.

4. Upgating and harmonization of maritime legislation

The harmonious and effective development of maritime transport in any country and particularly in African countries implies that related activities have to be carried out in consonance with relevant modern legislation that takes into account the new goals of the maritime transport policy in the countries concerned. It also implies that dynamic subregional co-operation must be established among the countries of the subregion so as to strengthen their bargaining power and independence during negotiations in the various areas of maritime transport: freight rate negotiations, financing of merchant ships, pooling of traffic rights, joint establishment of maritime training institutions especially at advanced level, and so on. In all these areas of common interest, it is evident that the co-ordination of activities means the harmonization of standards, in other words, the gradual harmonization of maritime legislation in the subregion.

In East and Southern Africa and the Indian Ocean countries, it appears, however, that since appropriate recovery measures have not been formulated or applied, national maritime legislation is still outdated, fragmentary and unstandardized. This is the case for instance of the maritime labour standards which are being adopted at a very slow pace by the East and Southern African countries. Up to January 1986, only six out of the seventeen countries had ratified one or two of these conventions out of thirty-three. The same applies to

the United Nations Convention on the Code of Conduct of Liner Conferences because up to 30 June 1988 only five countries of the subregion had become Contracting Parties.

8. Subregional dimension of solutions to the problems of maritime transport in East and Southern Africa : the need to organize these solutions on a permanent basis

In section A, we attempted to highlight both the nature and causes of the problems affecting maritime transport in East and Southern Africa and the Indian Ocean countries. Let us mention here the causes of subregional scope that hamper the smooth development of the subsector. These causes which reflect the multinational, subregional and international dimension of the problems tackled, are:

(a) The lack or inadequacy of subregional co-operation for the promotion of merchant fleets : These shortcomings are due mainly to:

(i) the absence of a subregional development bank to encourage the promotion of maritime transport, in general, and merchant fleets in East and Southern Africa in particular. In addition, there is lack of co-operation in the form of bilateral agreements on the registration of vessels to facilitate bareboat charters and joint ventures between partners of the subregion;

(ii) the inadequacy of subregional institutional measures and regulations designed to promote control by the subregion's shipping lines of the cargo market, especially in view of the traffic rights granted under the UN Convention on a Code of Conduct for Liner Conferences.

Subregional harmonization of the national freight booking systems and control of seaborne trade, would obviously help to ensure more efficient and equitable trade sharing and the smooth and adequate merchant fleet development in the subregion.

(b) Inadequacy of subregional co-operation in port activities

Admittedly, an important step has been taken in port co-operation through the establishment, in April 1973, of the Port Management Association of countries of East and Southern Africa and the Indian Ocean. It is regrettable, however, that the scarcity of resources has hampered the functioning of this Association which does not have a permanent secretariat (an ECA officer has carried out these duties for more than seven years) or a real programme geared towards solving the port problems identified earlier in section IIA2.

The only positive results obtained from this association may be summed up as being the study financed by the Government of the Netherlands entitled "Feasibility study on a dredging pool for member States of the Association."

It is hoped that the contacts now being made will provide the Association with an operational and permanent secretariat. The latter will first have to prepare a draft priority programme for the coordinated development of ports in the subregion and then help Governments to implement the approved programme.

(c) Inadequacy of subregional co-operation in the protection of shippers' interests

The points developed in section IIA3 show inadequate subregional co-operation in this area. Despite the small geographical area covered by the ISCOS (four countries only)

there does not seem to be much co-operation between that body and the few (five) national councils in the subregion or among these councils.

(d) Inadequacy of subregional co-operation in maritime training

As explained earlier, subregional co-operation in maritime training, because of the greater demand, helps to keep down the fixed unit costs of infrastructures, superstructures and teaching equipment. The outcome is maritime training at low cost particularly for the advanced levels where national demand is often very small.

The subregion of East and Southern Africa and the Indian Ocean countries does not have much to offer in this field. In fact, the two "BANDARI" colleges in Mombasa and Dar-es-Salaam and the maritime training schools of Majunga and Maputo remain national institutions although they take in nationals of neighbouring countries occasionally.

III. Possible alternatives of permanent institutional mechanisms for co-operation in maritime transport in the subregion of East and Southern Africa and Indian Ocean countries

Section III placed emphasis on the institutional machinery needed for the promotion of particular aspects of maritime transport on a subregional level: different types of pool agreements between shipping lines, subregional banks that promote the development of maritime transport, subregional associations of port administrations, subregional shippers' councils, subregional institute for maritime training, etc...

This section will examine possible ways and means of integrating most of these components into a permanent and consistent institutional body to ensure orderly, national, global and effective promotion of the entire maritime transport system. The aim here is to consider the most suitable institutional mechanisms to combine the work of the subsidiary organs dealing with particular aspects of maritime transport. This analysis will afford the decision-makers of the countries concerned, the opportunity of choosing the best option. The organ thus selected will be responsible for coordinating implementation of the subregional programme decided upon by member States, and report to the decision-makers on the state of implementation of the programme. It goes without saying that in all these matters, the need for maximum economy and productivity must be taken into account.

Two types of institutional mechanisms will be studied here:

- a Ministerial Conference with rotation of the chairmanship and with permanent secretariat and subsidiary organs (Annex I);

- a Ministerial Conference with rotation of the chairmanship and secretariat and with permanent secretariats for the subsidiary organs (Annex 2).

A. Advantages and disadvantages of a Ministerial Conference with rotation of chairmanship and permanent secretariat and subsidiary organs (Alternative I : see Annex I)

This alternative is the most widely used form of African intergovernmental machinery for subregional and regional co-operation. Experience has shown, however, that the operation of a permanent secretariat is often obstructed by serious financial problems either because many of the member States pay their contributions to the budget very

late or they fail to do so altogether. As a result, these organizations which operate with contributions from only a few States which fulfill their financial obligations regularly, can barely implement their programmes. There is also the risk that these organizations might fall under the influence of the few states that do pay. Another problem inherent in this system is the fact that most member States are reluctant to host annual meetings of the policy-making bodies of such organizations owing to the high costs which must be borne entirely by the host country. Funds are required mainly to finance the preparation of technical basic documents, rental of the conference halls, recruitment of interpreters and translators etc. These problems exist even when meetings are held at the organization's headquarters unless adequate appropriations are made in the organization's budget. This is best exemplified by the Ministerial Conference of West and Central African States on Maritime Transport. Indeed, since this organization has been unable to obtain a firm offer from any of its member States to host its annual meeting it has not received any directives from its deliberating organs for five years. This is a problem that the recently created Steering Committee has not been able to, and cannot resolve. A radical solution to the problems posed by this alternative of the ministerial conference would consist in setting up an effective mechanism for the automatic financing of the secretariat's activities. This machinery is described as follows:

(i) levying of a subregional co-operation tax of 0.008% of the dollar value of the foreign trade of each member country as shown in the statistical yearbook published by UNCTAD. Making allowance for the time-lag for the availability of statistical data in this area, the tax base would be the value of the foreign trade for year a-2, a being the financial year of the ministerial conference. Using the two criteria suggested (percentage and tax base), it is theoretically possible to mobilize sufficient funds to finance the activities of a permanent secretariat for the organization. As indicated in tables 1 and 2, approximately US$1, 109, 369.7 could be mobilized by applying a rate of 0.008% to the annual average of the value of foreign trade of all member States over a period of 13 years. Table 3 gives a model of a budget calculated on that basis;

(ii) the customs office in each country would be responsible for collection of the taxes.

(iii) the Ministry of Finance in each member State would be responsible for the transfer (as of the first quarter of year a) to the bank account of the permanent secretariat of the Ministerial Conference, of its country's share in the funding of that body's activities.

B. Advantages and disadvantages of a ministerial conference with rotation of chairmanship and secretariat and with permanent subsidiary organs (Alternative 2 (see annex 2))

This alternative is based on an alphabetical list of member States of the Ministerial Conference. The member State whose turn it is to automatically assume the chairmanship and the responsibility of the secretariat for a period of two years, will have to bear, during this period, the operational expenses including costs for the holding of meetings of the following bodies : ad hoc technical committees, steering committee, which meets once during the intersession, the session of the ministerial conference which is held every two years and is preceded by a preparatory meeting of experts.... This alternative has the advantage of making the States assume their responsibilities and automatically compels

them to honour their financial obligations. Furthermore, this system ensures greater equity in the operation of the organization which would thus (in theory, at least) escape the influence of a tiny group of countries. Another advantage is that it is relatively cheaper. Indeed, the officials who will be responsible for the office of the chairman and the secretariat will be from the ministry in charge of maritime transport in the country of the current chairman. This means that they will be included in the Ministry's regular operating budget. However, should it be deemed necessary to provide greater incentives during that period, a special allowance that would be carefully studied could be allotted to them in that budget. Each host country would also have enough time to make the necessary provisions in its operating budget to organize the series of meetings mentioned earlier. Another positive aspect of this system is that it allows for better mobilization and effective management of maritime transport expertise available in the subregion. This can be achieved through the ad hoc committees whose operating costs could be borne by each State member of the committee, by paying the salary and travel costs of its representative on an ad hoc committee. This is the surest way of involving the experts of the subregion in the studies and research on issues relating to maritime transport. The efficiency of these ad hoc technical committees could increase gradually taking into account the current shortage of competent African staff in this relatively specialized area. However, Alternative 2 also presents serious disadvantages. The main ones are described below:

(i) For practical reasons, rotation of the ministerial conference's headquarters is not desirable as this will create serious difficulties when it comes to effective control of acts passed by this legal entity whose secretariat changes every two years from one member State to another. This problem could be circumvented if the constitution of the Ministerial Conference provides that in case of conflict of laws and regulations concerning the settlement of disputes arising from the implementation of those acts, the laws of the country in which the acts were passed will prevail;

(ii) Since the secretariat and the chairmanship would rotate, it would be difficult to ensure continuity with respect to correspondence addressed to the organization (mail, telex, cables, telephone calls and so forth);

(iii) it would be difficult to centralize the organization's documents unless a specific decision is taken to establish a documents centre in one of the member countries;

(iv) There is the risk that when it is their turn to assume chairmanship and the responsibility for the secretariat, member States might not accord enough importance to those duties. The natural spirit of emulation that exists in every State will make each try not to do less than its predecessor, and the existence and functioning of the Steering Committee, ad hoc technical committees and all the other subsidiary bodies of the ministerial conference will limit such an eventuality. In fact, practically all member States would be involved in the functioning of these organs.

C. Permanent subsidiary organs whose operation is inseparable from that of a ministerial conference

The main objective of a ministerial conference on maritime transport is to co-ordinate, through its secretariat and within the context of a coherent subregional policy, the following sectorial activities which are usually developed in turn by the relevant subregional professional associations:

- orderly, harmonious and effective development of national and subregional merchant fleets;

- orderly, harmonious and effective development of sea ports in the subregion;

- orderly, harmonious and effective development of national and subregional shipyards for ship-building and repairs;

- orderly, harmonious and effective development of national and subregional maritime training institutes;

- orderly, harmonious and effective promotion of activities related to maritime transport: transit, consignment, handling, marine insurance, etc.;

- protection of shipping interests of landlocked countries;

- effective protection of shippers' interests;

- effective development of the maritime transport system;

- development of a modern and harmonized maritime legislation;

The professional associations concerned include:

- the national and subregional shipping and forwarding agents;

- the subregional association of port management;

- the National Association of Clearing Agents;

- the National Association of Stevedores;

- the subregional association of national shippers' councils.

We should point out that these associations are financed by contributions from their members. Only two of them exist in East and Southern Africa and they do not function properly. They are:

- ISCOS (Intergovernmental Standing Committee on Shipping) a sort of subregional shippers' council. As mentioned earlier, its performance has to be considerably improved firstly, because it covers a small geographical area (only four countries are members : Uganda, Tanzania, Kenya and Zambia) and secondly, because the technical facilities it now has do not provide sufficient information to allow it to negotiate effectively with liner conferences.

- the Port Management Association of East and Southern Africa whose shortcomings have already been listed in the preceding paragraphs.

It should be noted, however, that if these two bodies are strengthened and supplemented by a subregional association of national shipping companies and forwarding agents they would

constitute an adequate foundation for the efficient operation of a ministerial conference of east and southern African states. This conference, over and beyond its main role of coordinating development of the maritime transport system in the subregion, should be able to fill the institutional vacuum caused by the absence of some of the subsidiary organs mentioned in this section. It would therefore have to carry out additional activities such as:

- co-ordination of studies for the effective development of the maritime transport system in the subregion:

- organization of subregional co-operation among the following interest groups:

  - clearing agents:
  - stevedores:
  - national shipyards for shipbuilding and repairs:
  - maritime training institutes:
  - the landlocked countries and coastal countries through which the former's trade passes...

D. Charter on maritime transport in East and Southern Africa (Addis Ababa Charter) and the convention establishing the ministerial conference

A draft charter and a draft convention contained in Annexes 3 and 4 to this report are proposed as a framework of reference for priority areas of co-operation among the States concerned and as the legal text formally establishing the Ministerial Conference, respectively.

E. Work programme and budget of the ministerial conference

1. Two-year programme

The following activities could constitute the two-year work programme of the ministerial conference:

(a) study of a standard model for the establishment of national shipper's councils in East and Southern Africa;

(b) establishment of an association of shipping companies and forwarding agents for the subregion;

(c) study of measures to strengthen:
  - ISCOS;
  - the Port Management Association of East and Southern Africa;

(d) general study of conditions of maritime service in countries of the subregion with special emphasis on the problems encountered in this sector by landlocked countries in East and Southern Africa;

(e) study of the updating and harmonization of maritime legislation in the subregion.

2. Budget

(a) The operating budget of the secretariat of the ministerial conference

Whatever the alternative selected for the ministerial conference, budgetary appropriations will have to be made annually for the items given below. The corresponding costs are shown in the tentative budget drawn up.

- salary and allowances of the Secretary-General:
- missions of the Secretary-General: they have been estimated at 12 totalling 60 days per annum:
- salaries and allowances of the Director in charge of documentation and co-ordination of specialized institutions of the ministerial conference:
- three missions of 30 days per annum for the Director in charge of documentation and co-ordination of the technical committees and specialized institutions of the ministerial conference:
- salaries and allowance for one chief of finance and administration:
- salaries for 2 secretaries including one executive secretary:
- salaries for two drivers:
- salary for one messenger:
- purchase of two cars and one motorcycle:
- purchase of fuel:
- studies and related activities:
- sundry expenses.

(b) Observations

b.1. Under Alternative 2 certain items in the operating budget would be charged to member States:

(i) financing of the cost of their experts participating in the ad hoc technical committees. These committees exist only under this Alternative:

(ii) defraying the expenses of their representatives on the steering committee:

b.2. The operating expenses of the organs below will be shared among all member States whatever the Alternative adopted. These expenses will not be included in the budget of the permanent secretariat of the ministerial conference.

- ISCOS
- Port Management Association for East and Southern Africa.

These two associations are financed directly from contributions collected from their members in each member State.

b.3. The national contributions calculated on the basis of the value of external trade will finance the permanent secretariat of the Ministerial Conference under Alternative I.

IV. Conclusions and Recommendations

The preceding analyses have endeavoured to highlight the major obstacles to the harmonious development of maritime transport in East and Southern Africa.

Those that require subregional action have been stressed to justify the need to establish a permanent subregional institutional mechanism for co-operation in the various areas of maritime transport. The barriers of subregional dimension are, inter alia:

(a) inadequate means to ensure effective control of the market in order to develop national merchant fleets;

(b) inadequate means to ensure effective control over freight rates;

(c) inadequate means to ensure better co-ordination of sea port development and greater productivity of ports;

(d) inadequate facilities for advanced level maritime training and the exorbitant costs of such training owing to the lack of effective subregional arrangements in this field;

(e) the reluctance and even failure on the part of African financial authorities at national, subregional and regional levels, to promote financing of maritime transport in Africa on sufficiently competitive terms. As a result, the African countries concerned have to use channels that are unsuitable, in other words, costly;

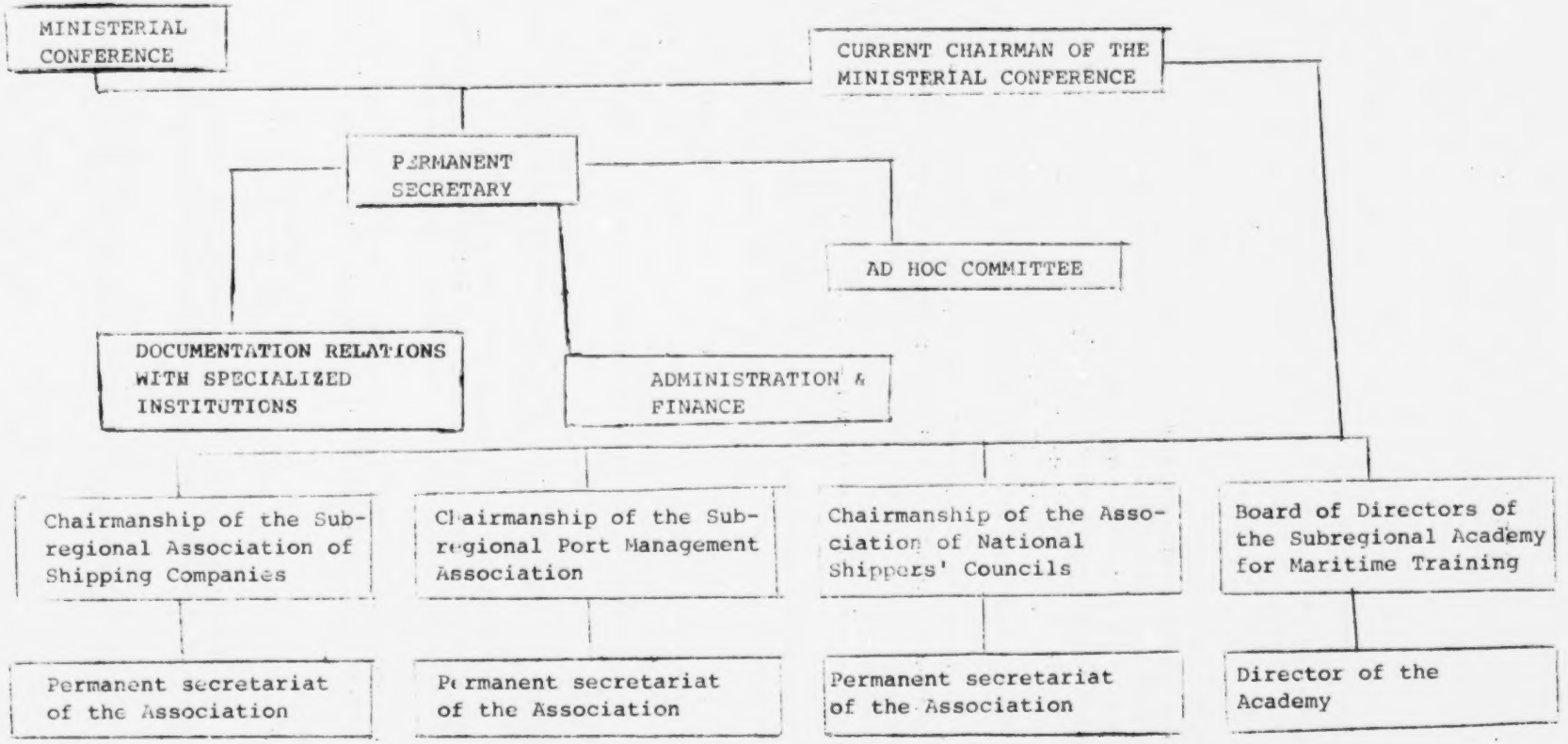
(f) the absence of a sufficiently modern and harmonized maritime legislation in the African subregion concerned.

To overcome these obstacles, this report has proposed measures which call for serious consultations at each link in the chain of maritime transport. They include the setting up of appropriate professional associations and the establishment of a permanent institutional mechanism to coordinate the various links. A ministerial conference for the east and southern African states constitutes such a structure for which two alternatives have been suggested.

Alternative I is strongly recommended because of the numerous advantages it has. It is, in fact, more effective and allows for better continuity of action. Member States should agree to make the very small financial sacrifice required of them in this alternative, namely the regular payment of only 0.008 per cent of the value of their foreign trade.

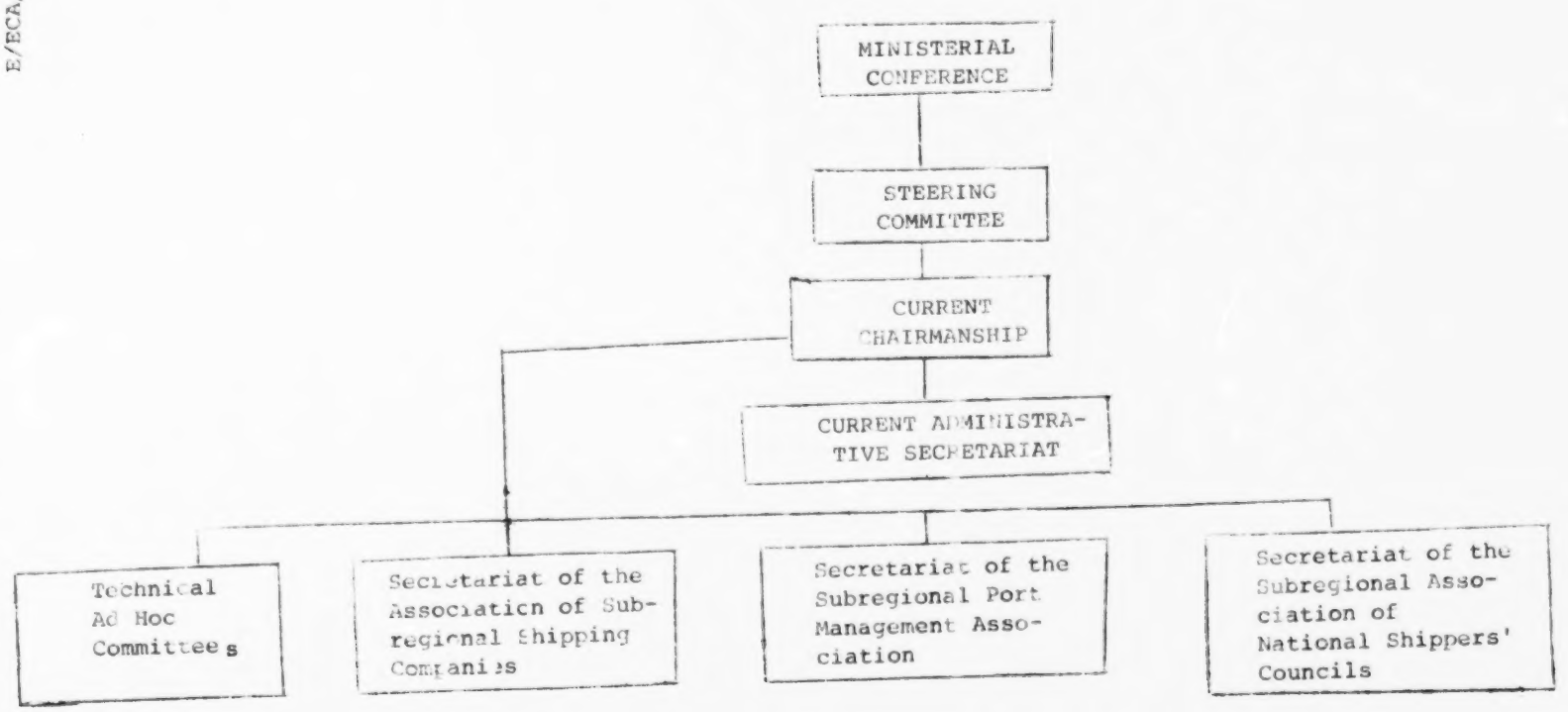
ANNEX I

Organization Chart for the Ministerial Conference of sates of the Subregion on Maritime Transport (Alternative I)


MINISTERIAL CONFERENCE
CURRENT CHAIRMAN OF THE MINISTERIAL CONFERENCE
PERMANENT SECRETARY
AD HOC COMMITTEE
DOCUMENTATION RELATIONS WITH SPECIALIZED INSTITUTIONS
ADMINISTRATION & FINANCE
Chairmanship of the Sub-regional Association of Shipping Companies
Chairmanship of the Sub-regional Port Management Association
Chairmanship of the Association of National Shippers' Councils
Board of Directors of the Subregional Academy for Maritime Training
Permanent secretariat of the Association
Permanent secretariat of the Association
Permanent secretariat of the Association
Director of the Academy

ANNEX II

Organization Chart of a Ministerial Conference of States of the Subregion on Maritime Transport (Alternative II)


MINISTERIAL CONFERENCE
STEERING COMMITTEE
CURRENT CHAIRMANSHIP
CURRENT ADMINISTRATIVE SECRETARIAT
Technical Ad Hoc Committees
Secretariat of the Association of Subregional Shipping Companies
Secretariat of the Subregional Port Management Association
Secretariat of the Subregional Association of National Shippers' Councils

Annex III

Ministerial Conference of
East and Southern African States

DRAFT
MARITIME TRANSPORT CHARTER
FOR EAST AND SOUTHERN AFRICA

Preamble

The States of East and Southern Africa, meeting in Addis Ababa from 17 to 19 September 1987,

- Recognizing their economic development as a first priority,
- Aware of the importance of foreign trade for their GDP,
- Bearing in mind the vital role of maritime transport in the harmonious development of their foreign trade,
- Recognizing the impact of maritime transport on their economies,
- Conscious of the fact that their efforts to promote a dynamic, financially viable and efficient merchant fleet are hampered by the monopolistic practices of countries with strong maritime traditions and particularly those of liner conferences whatever their form,
- Recognizing the fact that the United Nations Convention on a Code of Conduct for Liner Conferences which entered into force in October 1983 constitutes a sound basis for the development of their merchant liner fleets so long as individual and concerted supportive measures are taken to derive maximum benefit therefrom,
- Noting with satisfaction resolutions 42 (IX) and 51 (XI) of the Ninth and Eleventh sessions of the UNCTAD Committee on Shipping recommending that African countries participate on equitable terms in the carriage of bulk trade generated by their respective economies,
- Conscious of the positive effects that the adoption and application of the United Nations Convention on conditions for registration of ships will have on the development of their merchant fleets,
- Noting that the highly international dimension of maritime transport problems requires that subregional co-operation in this field be given top priority,

DECIDE :

A. Organization

1. To set up a permanent body for consultations on maritime transport and, in particular, to institutionalize the ministerial conference;

2. To create, in countries where there are none, shippers' councils or similar bodies to become operational by 1989;

3. To widen, within East and Southern Africa, the scope of action of ISCOS which must be strengthened to enable it to better fulfill its terms of reference;

4. To set up national and subregional FAL committees for the facilitation of administrative formalities concerning international maritime trade;

5. To ensure the effective involvement of States in the activities of auxiliary maritime transport services (transit, lighterage, stevedoring, etc.);

6. To establish freight booking centres as an incentive to shipping companies in the subregion and, to this effect, recommend that quotations for purchase and sales contracts be gradually changed from CIF to FOB for imports and from FOB to CIF for exports;

7. To establish national and regional marine insurance companies to ensure better protection of the interests of shippers and shipping companies in the subregion;

B. Development of shipping companies

8. To combine their efforts with a view to ensuring maritime transport from and to their countries under the most advantageous conditions for their economies;

9. To create and develop their merchant fleets;

10. To coordinate the action of national shipping companies in order to make the best use of shipping capacities through the joint organization of lines and agencies to be operated as a pool;

11. To urge African states that establish shipping lines in partnership with foreign countries, to acquire the majority of the shares;

12. To set up an African liner conference for East and Southern Africa;

13. To ensure the rapid Africanization of representation, in Africa, of foreign liner conferences serving the coasts of east and southern Africa;

14. To request African development finance institutions, particularly those in the subregion, to accord the necessary priority to the financing of merchant ship acquisition by States in the subregion on the softest terms possible, and to encourage the use of only those external sources of financing whose policy is compatible with the effective development of a competitive merchant fleet in the subregion;

15. To undertake a study on the advisability of establishing one subregional shipping company or more;

16. To undertake study with a view to updating and harmonizing maritime legislation in the subregion.

C. Port development

17.

(a) to provide the equipment needed to ensure the smooth flow of traffic;

(b) to organize the operation of port facilities by setting up the appropriate management structures and ensuring the rational and economical utilization of port labour force;

(c) to give greater autonomy to port management with a view to achieving greater efficiency;

18. To strengthen the Port Management Association of East and Southern African States and urge the Association to set up effective cooperation and information structures;

19. To undertake long-term port development studies in order to accommodate bulk cargo vessels, container carriers, RO/RO vessels, and others;

D. Economics of maritime transport

20. To undertake an in-depth study on the cost of maritime services in the subregion. The study should also propose a method of discounting. To enable the experts of the region to effectively utilize the study subsequently, they should work alongside the international experts to prepare the study;

E. Landlocked countries

21. To institutionalize the participation of landlocked countries in the management of ports on which they depend and encourage them to participate in the capital of shipping companies of the coastal countries in the subregion;

22. To ensure the application of preferential tariffs to goods coming from or going to landlocked countries with the consent of the coastal countries in the subregion;

F. Studies on Training

23. To encourage the establishment of a transport institute with special emphasis on studies and documentation relating to maritime transport, as well as subregional co-operation in training in maritime transport and ports.

ANNEX IV

Draft Convention Establishing the Ministerial Conference of East and Southern African States

PREAMBLE

The States of East and Southern Africa,

Recognizing the importance of maritime transport to the economic life of their subregion,

Realizing that the highly international nature of maritime transport calls for the establishment of subregional maritime co-operation to ensure adequate control over the sector,

Have agreed as follows:

Chapter I

Establishment, Composition, Working Language, Headquarters and Emblem of the Ministerial Conference on Maritime Transport

Article 1

Establishment of the Ministerial Conference

By these presents, the contracting parties shall constitute the Ministerial Conference of East and Southern African States (MINCONESA) hereinafter called the "Ministerial Conference".

Article 2

Composition

The Ministerial Conference shall be composed of the seventeen States that make up the east and southern African region, a list of which is attached to the present Convention. Any of these States may become a member upon its accession to, ratification and adoption of, the present convention establishing the Ministerial Conference of East and Southern African States on Maritime Transport.

Article 3

Working Languages

The working languages of the Ministerial Conference shall be French and English.

Article 4

Headquarters of the Ministerial Conference

The Ministerial Conference shall have its headquarters[1/] in the city of .....

1/ If the secretariat rotates, the Headquarters will also rotate unless members decide otherwise.

Article 5

Emblem of the Ministerial Conference

The emblem of the Ministerial Conference shall be a sky blue flag bearing a black anchor in the middle.

Chapter II

Objectives and Functions

Article 6

Objectives and Functions of the Ministerial Conference

The objectives of the Ministerial Conference as described in the Addis Ababa Charter on Maritime Transport, shall consist in ensuring genuine subregional co-operation among the East and Southern African countries in all areas of maritime transport:

- Co-operation among shipping companies of the subregion:
- Co-operation among seaports of the subregion:
- Co-operation among shippers of the subregion:
- Co-operation among maritime and port training institutes of the subregion:
- Co-operation among the clearing agents and stevedores of the subregion:

To this end, the Conference shall undertake a series of activities such as:

- in-depth studies to guide decision-makers in their choice:
- consultations among member States:

- negotiations organized among the various interest groups, etc.

Chapter III

Article 7

Organs of the Ministerial Conference

The Ministerial Conference shall comprise the following organs:

(i) the office of the current chairman:
(ii) a permanent General Secretariat:
(iii) specialized bodies :

- the subregional union of national shipping companies: (to be established):
- the subregional Port Management Association of East and Southern Africa:
- the subregional academy for training in sea trade (to be established):

(iv) Non permanent organs such as ad hoc committees set up, whenever necessary, to study questions relating to specific aspects of maritime transport in the subregion.

Article 8

Meetings of experts of the Ministerial Conference and Steering Committee

The meeting of experts to be entrusted with the preparation of the Conference of Ministers, and the Conference of Ministers shall be held every two years.

In the case of Alternative II with rotating chairmanship and secretariat, a Steering Committee composed of a few Ministers of Maritime Transport in member States, shall meet once in between sessions to issue the necessary directives to the current Chairman and Secretary-General.

Article 9

General Secretariat

The General Secretariat shall be headed by a Secretary-General assisted by two Directors: One Director for the Department of Documentation, Research and Relations with Specialized Institutions of the Ministerial Conference and one Director for Administration and Finance.

The three officials shall be elected by the Conference of Ministers for a period of 4 years and may be eligible for re-election only once.

The main duties of the Secretary-General shall be:

(i) to co-ordinate the activities of the specialized institutions of the Ministerial Conference
(ii) to implement the programme of the Conference;
(iii) to organize and convene meetings of:
- the ad hoc committees;
- experts;
- ministers;
and prepare final reports of meetings for distribution to member States;
(iv) to formulate draft programmes and budgets of the General Secretariat;
(v) to submit the audited statements of accounts of the General Secretariat for the previous financial year to the Conference of Ministers for approval;
(vi) to attend or send representatives to the various meetings that can obviously help improve maritime transport activities in the East and Southern African subregion;
(vii) to appoint, after consultation with the current chairman, the other members of the General Secretariat in such a way as to ensure equitable geographical distribution of posts;
(viii) to inform member States of any accession to or denunciation of the present Convention;

(ix) to implement decisions of the Conference of Ministers and those of the Steering Committee:
(x) to take, together with member States, the necessary measures to execute various programmes proposed to and approved by the Conference of Ministers:
(xi) to present, as and when appropriate, an annual progress report to the Conference of Ministers or the Steering Committee:
(xii) to negotiate in between sessions and under the supervision of the current chairman and the Steering Committee, agreements with other organizations for approval by the decision-making organs.

Article 10

Status of the General Secretariat

(a) In the exercise of their duties, the staff of the General Secretariat shall not seek nor accept instructions from any government or authority external to the Ministerial Conference. They shall refrain from all acts incompatible with the aims and objectives of the said Conference:

(b) Member States of the Ministerial Conference shall refrain from exerting any influence whatsoever on elected officers or other members of the staff of the General Secretariat in the discharge of their responsibilities:

(c) The staff of the General Secretariat shall not hold any interest whatsoever in the businesses and companies operating in the subsector of maritime transport.

Chapter IV

Financial Provisions

Article 11

Finances of the Ministerial Conference

1. The income of the Ministerial Conference shall be derived from:

(a) Annual contributions paid by each member State on the basis of 0.008 per cent of the value of its foreign trade. These funds shall be used mainly for the activities of the General Secretariat of the Ministerial Conference:

(b) Contributions paid by the members of each of the following Associations:

- Sub-regional Association of Shippers' Councils:
- Sub-regional Association of National Shipping Companies:
- Sub-regional Port Management Association.

Each of these Associations shall determine the level and terms of payment of these contributions.

2. Expenditure of the Ministerial Conference shall include:

(i) financing of the operation of the permanent secretariat of the Ministerial Conference under Alternative I:

(ii) financing of the programme of activities entrusted to the permanent secretariat (Alternative I):

(iii) financing of the meetings of the following bodies of the Ministerial Conference:

- meeting of ministers:
- meeting of experts:
- meeting of the steering committee, etc.

(iv) financing of any other activity in keeping with the aims and objectives of the Ministerial Conference.

3. Whenever a member State or a group of member States undertakes research with the assistance of the Ministerial Conference, the expenses incurred for such research shall be charged to that member State or group of member States.

4. Member States shall pay their annual contributions in advance and, in any case, not later than the end of the first quarter of each financial year.

5. Under the terms of the present Convention, any member State whose contributions to the Ministerial Conference are in arrears for two consecutive years, shall forfeit its right to vote.

6. The accounts of the Ministerial Conference shall be kept in the currency specified by the Conference of Ministers.

Chapter V

General provisions

Article 12

Legal status of the Ministerial Conference

1. On the territories of member States:

(a) the Ministerial Conference shall have the right to enter into contracts, purchase, possess and sell property:

(b) The Ministerial Conference shall enjoy the status accorded to international organizations:

(c) The staff of the Ministerial Conference shall enjoy the privileges and immunities granted under the terms of the additional protocol to the OAU General Convention on the Granting of Privileges and Immunities, including the issuance of laissez-passers to the staff of the OAU specialized agencies.

2. The Secretary General shall conclude, with the Government on whose territory the Headquarters of the Ministerial Conference is established, an agreement governing the status of the Headquarters of the Ministerial Conference.

Article 13

Rights and Obligations of the member States of the Ministerial Conference

All member States shall enjoy the same rights and shall have the same duties. They shall observe the provisions of the present Convention scrupulously.

Article 14

Rules of Procedure

The Ministerial Conference shall adopt its Rules of Procedure.

Article 15

Credentials of delegations to conferences and meetings of the Ministerial Conference

1. The delegation sent by a member State to the meetings of ministers or experts shall be duly accredited in conformity with the following provisions:

(a) for ministerial meetings, an order signed by the Head of State, Prime Minister or Minister of Foreign Affairs;

(b) for all other meetings of the Ministerial Conference, an order signed by competent authorities other than those referred to in (a).

2. The credentials mentioned in paragraphs (a) and (b) of this Article, shall give the delegations full powers and, if necessary, the right to sign final acts.

Article 16

Settlement of Disputes

1. Any dispute arising from the interpretation or application of any provision of the present Convention shall be subject to mediation by a member State who is not party to the dispute after attempts by the current chairman to settle the dispute amicably, have failed.

2. Should attempts at mediation fail, the dispute shall be referred to an Arbitration Tribunal, at the request of one of the parties to the dispute or the Secretary-General of the Ministerial Conference. The Arbitration Tribunal shall be composed of three member States appointed as follows:

(a) two arbitrators, each one designated by one party;
(b) the third arbitrator designated by mutual agreement, by the arbitrators selected by the parties to the dispute shall preside over the Arbitration Tribunal. The third arbitrator shall also be a member State of the Ministerial Conference not involved in the dispute.

3. In the event that the two arbitrators fail to reach an agreement on the third arbitrator, each arbitrator shall propose a third arbitrator who shall not be involved in the dispute. The Secretary-General of the Ministerial Conference shall then proceed to draw lots for the selection of the third arbitrator.

4. If the members of the Arbitration Tribunal are not appointed within three months following the date of the request for arbitration, any of the parties to the dispute may ask the Secretary-General of the Ministerial Conference to proceed with the necessary appointments unless the Ministerial Conference is itself a party to the dispute, in which case, the appointments shall be made by the Administrative Secretary-General of the Organization of African Unity.

5. The decision of the Arbitration Commission shall be binding on the parties to the dispute.

6. The preceding provisions shall not prevent the parties concerned from adopting any mode of settlement that may be mutually acceptable to them, in the spirit of the present Convention.

Article 17

Relations of the Ministerial Conference with regional and international bodies

1. In order to promote overall inter-African and international co-operation in the field of maritime transport, the Ministerial Conference shall collaborate with IMO, UNCTAD, ECA and the other international bodies that are involved in maritime transport.

2. Agreements may, if and where necessary, be concluded between the Ministerial Conference and the other international bodies.

Article 18

Technical Co-operation

1. Member States of the Ministerial Conference shall promote the exchange of technical staff and specialists by organizing study tours on technical and administrative matters and study groups and seminars.

2. Conjointly with IMO, UNCTAD and other specialized bodies in Africa, the Ministerial Conference shall ensure the promotion and training of middle and higher level staff for member States, preferably in schools of the subregion.

3. The Ministerial Conference may work together with IMO, UNCTAD and ECA in other areas of technical co-operation.

Chapter VI

Final provisions

Article 19

Ratification of the Convention

1. The present Convention shall be ratified by each of the signatory governments. The instruments of ratification shall be forwarded, through diplomatic channels and through the Government of the member State on whose territory the headquarters of the Ministerial Conference is established, to the Secretary-General who shall notify member States.

2. For a period of two years beginning on the date of the provisional entry into force of the present Convention, each signatory member State shall have the right to vote even if it has not deposited its instruments of ratification under the conditions laid down in the present Convention.

3. At the end of the period of two years, any member State which has not deposited its instruments of ratification shall forfeit its right to vote in meetings of the organs of the Ministerial Conference.

Article 20

Accession

1. Any State in the subregion of East and Southern Africa which has not signed the present Convention, may accede thereto.

2. The instrument of accession shall be deposited with the Secretary-General and the Ministerial Conference through diplomatic channels and through the Government on whose territory the Headquarters of the Ministerial Conference is established. The said instrument shall become effective on the date of its deposit unless otherwise specified. The Secretary-General shall notify member States of the accession and shall transmit to each one of them a certified copy of the instrument of ratification.

Article 21

Entry into Force

The present Convention shall enter into force provisionally six months following its signature by the plenipotentiaries. It shall become fully effective following the deposit of the fifth instrument of ratification.

Article 22

Amendments

Article 23

Denunciation

1. The present Convention may be denounced by any member State of the Ministerial Conference by sending a written notification to the Secretary-General through diplomatic channels and through the Government of the member State on whose territory the Headquarters of the Ministerial Conference is established. The Secretary-General shall notify the other member States.

2. This denunciation shall take effect one year after the date of receipt of the notification by the Secretary-General.

Article 24

Suspension of Members

1. The Conference of Ministers may decide upon a two-thirds majority of votes cast, suspend any member State which:

(a) practises a policy contrary to the objectives and principles of the Ministerial Conference;

(b) does not honour its financial obligations to the Ministerial Conference for three consecutive years;

(c) refuses to abide by the decisions of the Conference that are binding on all member States.

2. The Conference may, by a two-thirds majority, lift the suspension of a member State.

3. Suspension of a member State shall not absolve it from fulfilling its financial obligations during the period of suspension.

Article 25

Signature

The present Convention shall be signed by the plenipotentiaries in three copies in the working languages of the Conference, all copies being equally authentic. One copy shall be deposited with the Government of the country where the headquarters of the Ministerial Conference is established. The other two copies shall be deposited with the General Secretariat of the Ministerial Conference. One certified copy of each text shall be sent to each signatory member State by the Secretary-General of the Ministerial Conference.

Done in Addis Ababa on 1987.

MEMBER STATES

1. Botswana
2. Burundi
3. Comoros
4. Djibouti
5. Ethiopia
6. Kenya
7. Lesotho
8. Madagascar
9. Malawi
10. Mauritius
11. Mozambique
12. Uganda
13. Rwanda
14. Seychelles
15. Somalia
16. Swaziland
17. Tanzania
18. Zambia
19. Zimbabwe

Annex V: Estimate of annual contributions from member States

Table I

Growth of Foreign Trade in east and southern Africa (in millions of US$)

Sources: 1983 edition of the Statistical Yearbook prepared by the United Nations Economic Commission for Africa
1986 Edition of the Statistical Yearbook on International Trade - UNCTAD

Value of foreign trade	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Botswana	51.8	306.1	358	384.7	471.2	503.5	946.8	1196.9	1442.8	1212.5	1372	1353	1323
Comoros	20	33	36	22	27	28	46	40	37	42	52	51	55
Djibouti	80	129	163	130	115	170	200	198	224	245	140	136	130
Ethiopia	456	652	527	603	724	814	987	1146	1115	1101	140	136	136
Kenya	1171	1735	1624	1786	2479	2732	2704	3977	3090	2458	1270	1359	1288
Lesotho	103	194	173	224	245	305	406	520	579	490	406	333	271
Madagascar	405.5	525.9	661.3	560.2	686	629.0	1035.5	1001.1	714.2	621.1	603	704	690
Malawi	236.3	306.6	389.9	371.3	432.5	523.1	620.7	725.3	645.9	580.3	540	562	536
Mauritius	304.4	621.7	630	623.6	757	827.1	942.3	1050.8	907.4	825	810	845	969
Mozambique	694	700	519	451	407	471	479	586	493	1061	700	673	513
Uganda	476	544	468	517	756	494	476	638	456	327	660	770	755
Seychelles	28.3	35.1	37.7	52.1	56.1	65.2	84.8	116	109.4	101.8	106	113	126
Somalia	155.9	204.3	243.3	250.3	290.6	343	397.6	416.5	398.9	503.9	279	154	202
Swaziland	283	316	362	391	379	510.1	699.2	911.9	929.6	1105.4	830	896	905
Tanzania	864	1153	1145	1136	1291	1611	1586	1734	1718	1744	1199	1224	1312
Zambia	1882	2190	1739	1695	1567	1497	2126	2345	2103	2159	1531	1263	1237
Zimbabwe	1232.8	1545.9	1646	1466.6	1431.6	1415.8	2040.7	2533	2787.3	1820.6	2180	1962	1950
Total	8374.2	11187.7	10819.1	10706.8	12115	13260	15839.6	19118.3	17732.2	16596.6	15490	14750	14263

Arithmetical mean: 13867.115

Table 2

Financial contributions of member countries of the Ministerial Conference based on 0.008 per cent of the arithmetical mean of the annual totals for the period 1973 to 1985 of the value of their foreign trade

Member country	Value	Annual average value of foreign trade for the period 1973-1985 (US $ millions)	Financial contributions of member States in US$
BOTSWANA		863.438	69075.04
COMOROS		37.538	3003.04
DJIBOUTI		159.769	12781.52
ETHIOPIA		920.231	73618.48
KENYA		2400.923	192073.84
LESOTHO		337.769	27021.52
MADAGASCAR		716.715	57337.2
MALAWI		499.592	39967.36
MAURITIUS		777.962	62236.96
MOZAMBIQUE		604.154	48332.32
UGANDA		575.308	46024.64
SEYCHELLES		79.654	6372.32
SOMALIA		295.754	23660.32
SWAZILAND		583.092	46247.36
TANZANIA		1362.154	108972.32
ZAMBIA		1779.846	142387.68
ZIMBABWE		1853.223	148257.84
Total		13867.122	1109369.7

Table 3

Annual operating budget of the Ministerial Conference based on Alternative I (in US$000)

Budget items		Cost in US Dollars
I. Expenses		
Salaries		
Secretary-General	3 x 12 x 1 =	36.00
Two Directors	2 x 12 x 2 =	48.00
Bilingual executive secretary	0.35 x 12 x 1 =	4.2
Executive Secretary	0.30 x 12 x 1 =	3.6
Two drivers	0.15 x 12 x 2 =	3.6
One messenger	0.1 x 12 x 1 =	1.2
One watchman	0.1 x 12 x 1 =	1.2
12. Housing allowance	3.2 x 12 =	38.4
13. Missions		45.0
14. Purchase of two cars and one motorcycle		40.0
15. Fuel		18.0
16. Studies and follow-up activities		770.2
17. Meetings and miscellaneous		100.0
Total expenses		1109.4
II. Income (derived from contributions based on the annual average val. of foreign trade from 1973 to 1985)		1109.4

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ECONOMIC COMMISSION FOR AFRICA

LC/NAIROBI

REPORT OF THE INTERGOVERNMENTAL MEETING OF EXPERTS ON THE ESTABLISHMENT OF A MINISTERIAL CONFERENCE ON MARITIME TRANSPORT FOR EASTERN AND SOUTHERN AFRICAN STATES

(Addis Ababa Ethiopia 17-19 September 1987)

A. ATTENDANCE AND ORGANIZATION OF WORK

1. The Intergovernmental Meeting of Experts on the establishment of a Ministerial Conference on Maritime Transport for Eastern and Southern African States was held in Addis Ababa, Ethiopia, from 17 to 19 September 1987.

2. Representatives of the following member States attended the meeting: Burundi, Ethiopia, Malawi, Mozambique, Uganda, the United Republic of Tanzania and Somalia.

3. The meeting was also attended by representatives of the following itnergovernmental Organizations: The Intergovernmental Standing Committee on Shipping (ISCOS), the African Development Bank (ADB) and the Pan African News Agency (PANA).

4. The meeting elected the following officers:

(a) Chairman: Ethiopia

(b) Vice-Chairman Somalia

(c) Rapporteur: Burundi

B. ADOPTION OF THE AGENDA

5. The meeting adopted the following agenda:

1. Opening session

2. Adoption of the agenda

3. Election of officers: Chairman, Vice-Chairman and Rapporteur

4. Presentation and discussion of the substantive document:

(a) Characteristics and causes of poor performance of the maritime transport system in the subregion;

(b) Need for permanent multinational solutions of the maritime transport problems in the subregion;

(c) Proposed alternative forms of institutional mechanisms for co-operation in maritime transport;

(d) Proposed work programme and budget for the Ministerial Conference.

5. Examination of the draft maritime transport charter for Eastern and Southern Africa (including also the Indian Ocean countries)

6. Examination of the draft Convention establishing the Ministerial Conference for Eastern and Southern African States

7. Any other business

8. Consideration and adoption of the report

9. Closure of the meeting

C. ACCOUNT OF PROCEEDINGS

6. In his opening statement the representative of the Executive Secretary of the United Nations Economic Commission for Africa (ECA) welcomed the participants and stressed the importance of maritime transport and the needfor the Eastern and Southern African subregion to promote a global and concerted shipping policy. The aim of the current meeting of Government experts was to propose to the ministers responsible for maritime transport in the subregion a permanent institutional mechanism to co-ordinate the harmonious development of all the various components of maritime transport.

Introduction and discussion of the report on the feasibility study on the Establishment of a Ministerial Conference of Eastern and Southern African States on Maritime Transport: E/ECA/TRANS/50 (Agenda item 4)

7. Before introducing this agenda item the representative of the secretariat informed the meeting that there was an error in the penultimate paragraph of page 3 of the English version: it should read "FOB and CIF respectively" not "CIF and FOB respectively.....".

8. In his introduction of the report he mentioned the main obstacles to the harmonious and effective development of a system of maritime transport in the subregion and the solutions that should be found to overcome such problems. Given the multidimensional aspect of most of the problems identified, a permanent institutional arrangement should be agreed among the States in order to prevent any conflict of interest in the development of the various links of the maritime transport chain.

9. In the ensuing discussions, the meeting came to the following conclusions.

10. The meeting took note of Resolution ECA/UNTACDA/83/37 adopted by the Conference of Ministers of Transport, Communications and Planning held in Cairo in March 1983, which recommended the establishment, according to modalities to be worked out, of a Ministerial Conference for Eastern and Southern African States on Maritime Transport; and then decided that this institution should be established in the subregion. The modalities for this creation should therefore be studied, taking into consideration the maritime institutions already existing in the subregion and necessity to rationalize the establishment of any institution and minimize the expenditures.

11. In connection with the above, the meeting, having considered the proposal of ISCOS to extend its mandate, conclude that though in accordance with the new agreement on ISCOS, participation in the organization is open to all the countries of the subregion, officially, ISCOS is still the Organization comprising four countries only. In this respect it was noted by the meeting that geographical sphere of activities of ISCOS should be extended.

12. It was also noted by the meeting that present objectives of ISCOS are limited to contribution to development of maritime transport in the subregion mainly through advising Governments on the freight-rates, maritime transport costs, quality of maritime services and related matters.

13. In the first paragraph of the section on the need for the judicious implementation of the United Nations Convention on a Code of Conduct for Liner Conferences the word "participation" should repalce "competition on an ethicalbasis"; in the fourth paragraph of the same section it should be noted that the Eastern and Southern African subregion plus the Indian Ocean has 19 countries not 21.

14. In paragraph 7 of section 2 on the main problems observed in port management in the subregion "lack of subregional co-operation" was preferred to "lack of political will".

15. The meeting took note of the information that Somalia had already acceded to the Code of Conduct for Liner Conferences.

16. Although the countrries of the subregion had made progress in improving the performance of their ports, such performance was still well belowinternational standards. Such poor performance was basically due to: (a) inadequate training and lack of incentives for harbour workers' (b) inadequate equipment. ECA was currently carrying out a study aimed at identifying the current levels of productivity and obstacles to productivity at each of the African harbours.

17. ECA should continue to sensitize African agencies so that when defining their programmes they would give greater attention to maritime transport activities; indeed, according to the representative of ADB, sensitization efforts had paid off with respect to the air transport subsector where ADB had provided assistance.

18. Research should continue within the United Nations system in order to define how current practices in the subregion with respect to "incoterms" could be gradually reoriented in order to make them more compatible with the two objectives of effectively controlling maritime freight and decolonizing African external trade particularly that of the subregion.

19. The conclusions of the current meeting would be circulated to the member States of the subregion for their written comments which would make it possible to prepare detailed proposals for the consideration of the appropriate Ministers during the future meetings of the Lusaka and Gisenyi MULPOCs.

20. It was mutually agreed that up-dating and harmonization of maritime legislation should be the area to which the countries of the subregion should give priority.

21. It was also concluded by the meeting that Rwanda and Burundi should be included into the Table II of Annex 5.

Examination of the draft maritime transport charter (agenda Item 5)

22. The Secretariat introduced the agenda item and informed the meeting that the Draft Maritime Transport Charter is intended to be considered as guidelines for future activities of the Ministerial Conference of Eastern and Southern African States on Maritime Transport.

23. A question from the floor was made to merge items 1 and 3 under subtitle A (Organization) in order to reinforce ISCOS in such a manner that the latter could play the role of the Secretariat of the Ministerial Conference on Maritime Transport for the subregion.

24. By a large majority this proposal was not accepted, and it was once again emphasised that ISCOS should extend geographical sphere of its activities, but the terms of reference of this Organization should remain as at present, i.e.co-ordinating actual and future activities of national shippers councils in the subregion. On the other hand, the Secretariat of the Ministerial Conference duties shall be to co-ordinate at the subregional level the harmonious development of various interests involved in a global maritime transport policy: shippers, ports, shipowners, marine insurance, training .... etc.

Examination of the draft convention establishing the Ministerial Conference for Eastern and Southern African States on Maritime Transport (Agenda Item 6)

25. In its introduction of this agenda item the ECA Secretariat indicated that this point deals with the legal framework of governing the Ministerial Conference.

26. It was unanimously agreed that with regard to membership in the proposed Conference every State of the subregion either costal or land-locked, has the equal rights to enjoy full membership in the Organization.

27. It was agreed by the meeting that in respect of the method of calculation of contributions by member States two criteria should be applied: 1) volume of sea-borne trade of every member State. In addition, Coastal States should contribute to the Organization an extra amount over and above that of the land-locked countries since they generate extra revenue from the activities of their ports in serving the land-locked countries.

28. In respect of the proposed draft convention the meeting felt that paragraph 5 article 2 of Chapter 4 should be amended as follows: "Under the terms of the present Convention, any member State whose contributions to theMinisterial Conference are in arrears for two consecutive years, without serious justification (cas de force majeure), shall forfeit its right to vote.

Any other Business (Agenda Item 7)

30. The delegation of Somalia distributed among the participants the document "Proposal for a Protocol covering the maritime relations between The Somalia Democratic Republic and the Republic of Kenya" and expressed hope that the document could serve as a model for similar bilateral agreements between member States of the subregion.

Adoption of the report (Agenda item 8)

31. During its fourth session held on Saturday, September 19, 1987, at 12:00, the meeting adopted its final report as it appears in the present document.

Closure of the meeting (Agenda item 9)

32. In his closing address the representative of the ECA secretariat congratulated the meeting for the good work done and assured participants that the report would be sent to member States for their comments which would be consolidated and annexed to the report to be submitted to the Ministers during the forthcoming Lusaka MULPOC meeting.

33. He then ajourned the first meeting of Experts on the Establishment of a Ministerial Conference of Eastern and Southern African States on Maritime Transport.

Annex

LISTE DES PARTICIPANTS/
LIST OF PARTICIPANTS

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